EXHIBIT 14

REBUTTAL REPORT OF ORLEY ASHENFELTER

IN CONNECTION WITH

STATE OF TEXAS ET AL.

v.

PENGUIN GROUP (USA), INC. ET AL.

March 1, 2013

28. Except for these differences, the analysis I report here uses the same methods as the analysis I described in my previous report.

29. Table 1 (attached) contains the results of my previous analysis. It is the same as Table 1 in my previous report and is reproduced here for convenience.[28] Table 2 (attached) reports the results of my robustness checks using Dr. Burtis's database. The first row of the table shows my calculation of the effect of the alleged Agency Model conspiracy. In this row a positive value indicates an increase, on average, from the pre-period to the post-period and a negative value indicates a decrease, on average, over the same period.

30. The table indicates that prices for conspiracy publisher titles were 0.155 log points (16.8 percent) higher, on average, in the post-period than in the pre-period, after taking account of the factors controlled for in my model.[29] Previously I calculated that prices rose 0.172 log points (18.8 percent).

31. The table also indicates that unit sales of e-books from conspiracy group publishers were 0.158 log points lower (14.6 percent) on average in the post-period than in

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[28] This version of the table includes an additional phrase in the notes, which explains that the t-statistics were calculated using robust standard errors.

[29] Note that this average gives equal weight to all titles regardless of how many copies of the title were sold. I use this weighting scheme in this context because it is important to calculate price and quantity effects consistently.

calculated revenue effect shows a reduction in revenue from e-books of 0.016 log points (1.6 percent). This revenue effect is also statistically significant.

Orley C. Ashenfelter
03/01/2013

Table 2: Results of the Regression Analyses of E-Book Prices and Units Sold
Replicated Using the Data Analyzed by Dr. Burtis

	Price	Units Sold	Revenue
Effect of the Agency Model	0.155	-0.158	-0.003
Absolute Value of the T-Statistic	(90.55)	(22.78)	(0.44)
Number of Titles	27,797	27,797	27,797
Total Number of Observations	406,500	406,500	406,500
Elasticity		-1.02	

The dependent variable is the average price, unit sales or revenue (in natural logarithms) for a given e-book title, retailer, and month.

The table presents the mean difference in e-book price, unit sales or revenue (expressed in logarithms) from the period prior to agency pricing to the period following agency pricing for e-books published by conspiring publishers after adjusting for factors specific to each title and differences by retailer interacted with whether the observation was affected by the 'buy button' incident, whether the title was on the backlist (Dr. Burtis's definition) and factors specific to each month.

Absolute values of the t-statistic in parentheses, calculated using robust standard errors. Generally speaking, a t-statistic greater than 1.96 in absolute value indicates that the calcuated effect is statistically significant.